

OVERVIEW OF LOCAL GOVERNMENT REVENUE SOURCES

Joint House and Senate Finance, February 2, 2011
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Sources of Local Revenue

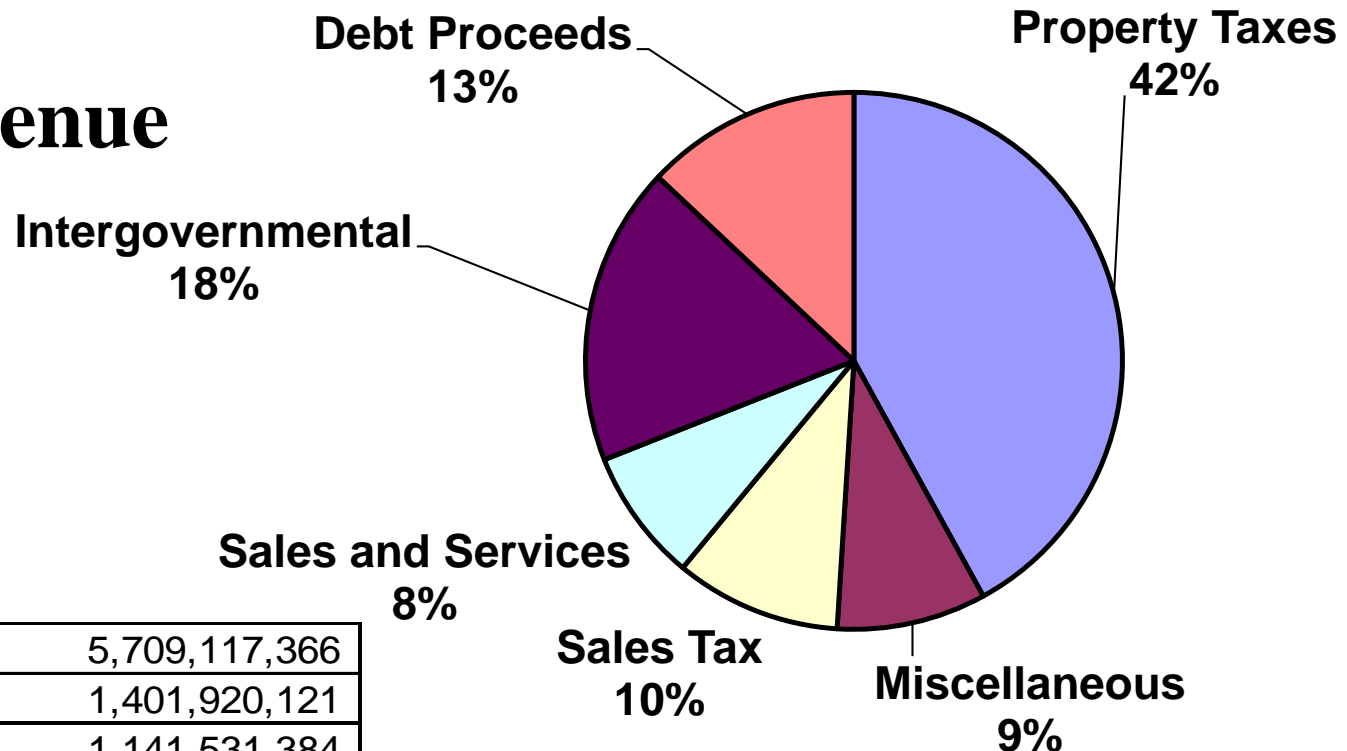
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- Sources of Local Revenue
 - ▣ County
 - ▣ Municipal
- Local Taxes and Fees
 - ▣ Property Tax
 - ▣ Sales Tax
 - ▣ Other Local Taxes and Fees
- State and Local Shared Revenues

Sources of Local Revenue: County

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2008-09 County Revenue by Source



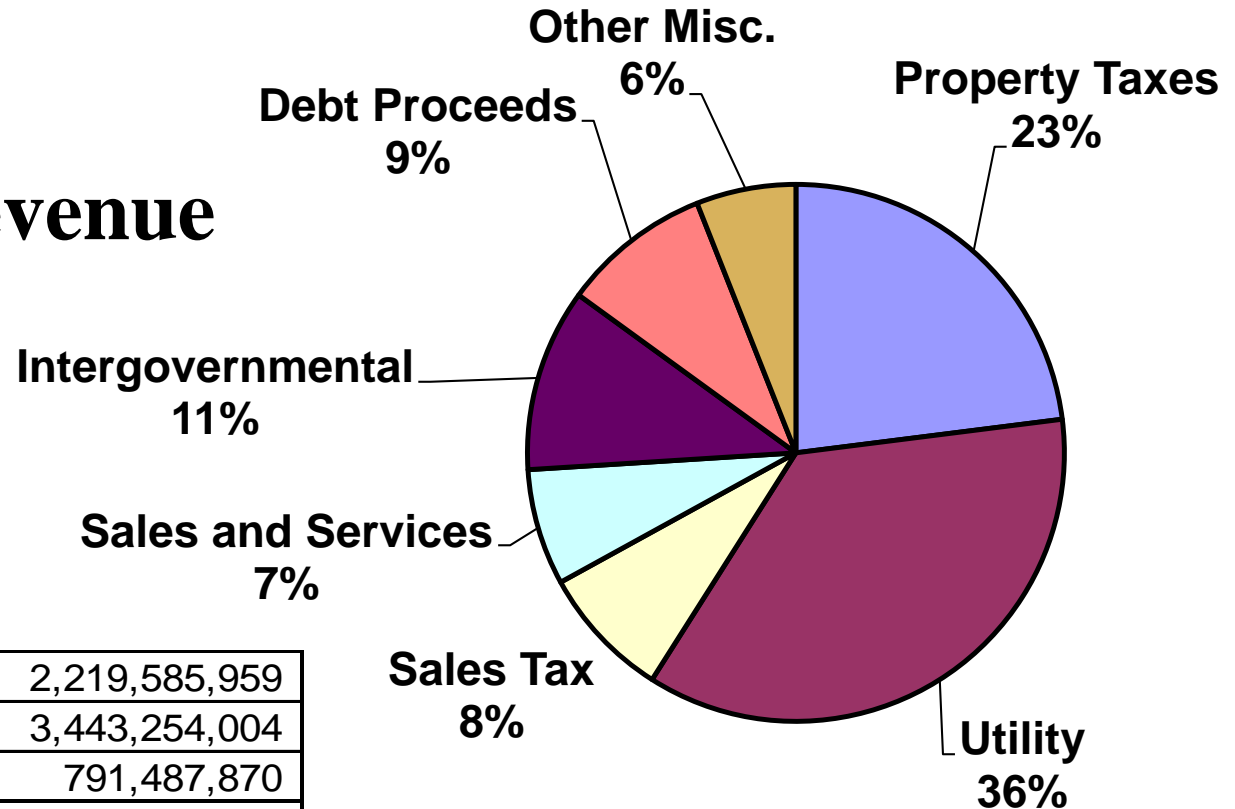
Property Taxes	5,709,117,366
Sales Tax	1,401,920,121
Sales and Services	1,141,531,384
Intergovernmental	2,387,888,132
Debt Proceeds	1,699,919,492
Other Misc.	1,131,756,137
TOTAL	13,472,132,632

Source: Dept. of State Treasurer

Sources of Local Revenue: Municipal

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2008-09 Municipal Revenue by Source



Property Taxes	2,219,585,959
Utility	3,443,254,004
Sales Tax	791,487,870
Sales and Services	707,341,582
Intergovernmental	1,069,026,741
Debt Proceeds	899,770,944
Other Misc.	531,868,410
TOTAL	9,662,335,510

Source: Dept. of State Treasurer

Local Taxes: Property Tax

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- Authorized as local revenue source in 1921.
- Most stable local revenue source.
- Classes of property must be taxed uniformly.
- Only the General Assembly has authority to exempt classes of property.
- Real property must be revalued at least every 8 years.
- Each county or municipality determines the property tax rate annually

Local Taxes: Sales Tax

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- Same Base as State Rate
 - ▣ Article 39 (1971) – one cent, point of collection
 - ▣ Article 40 (1983) – ½ cent, population
 - ▣ Article 42 (1985) – ½ cent, population
 - ▣ Article 44 (2002) – ½ cent, repealed
 - ▣ Article 46 (2007) – ¼ cent (county only)
- Distribution to municipalities based on either ad valorem or population
- Food Tax – 2%

Utility Fees

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- Water and Sewer
- Electricity Charges
 - ▣ “Electricities” purchase power from utility companies and distribute and sell it to homes and businesses.
- Gas Charges
 - ▣ Gas cities purchase natural gas from private utilities for resale.
- Stormwater Fees
 - ▣ Larger cities have established stormwater programs in response to federal requirements.

Sales and Services

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- Building Permits
- Inspection Fees
- Garbage/Recycling Fees
- Ambulance and Rescue Charges
- Animal Tags
- Parks and Recreation Fees

Local Debt

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- General Obligation Bonds
- Revenue and Special Obligation Bonds
- Bond Anticipation Notes
- Installment Purchase Agreements
- Certificates of Participation (COPS)
- Local Government Commission approves local debt authorizations.
- Bond rating agencies evaluate capacity and willingness of issuer to repay debt.

Other Local Revenues

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- Privilege License Taxes
 - ▣ Imposed on the privilege of engaging in certain occupations
- Motor Vehicle License Tax
 - ▣ All municipalities are authorized to levy a tax of \$5 per vehicle. The General Assembly has authorized amounts up to \$30.
- Special Assessments
 - ▣ Levied against property to pay for public improvements that benefit that property (e.g., streets, sidewalks, water systems, storm sewer and beach-erosion control.)
- Profits from ABC Stores
 - ▣ Approximately 80% of net profits are distributed to local units.
- Investment Earnings
- Taxes Permitted by Local Act
 - ▣ Occupancy Taxes
 - ▣ Meals Taxes

Intergovernmental Revenues

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State and County Shared Revenues

- ▣ Beer and Wine Tax - Shared only for the types of beverages allowed in the county.
 - Distribution is based on the type of beverage.
- ▣ Real Estate Transfer Tax
 - \$1.00 tax for each \$500.00 in value transferred.
 - Also known as the Deed Tax. County Retains 50%+.
- ▣ Telecommunications and Video Programming
 - Combined sales tax rate applies to telecommunications and video programming services; local distribution applies.

Intergovernmental Revenues

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State and Municipal Shared Revenues

- ▣ Gasoline Tax – 1 $\frac{3}{4}$ cents per gallon distributed through Powell Bill Funds. Restricted Use.
- ▣ Utility Franchise Tax - 3.22%
- ▣ Excise Tax on Piped Natural Gas
 - Municipalities receive half of tax collected within boundaries.
- ▣ Beer and Wine Tax – municipalities receive per capita share of taxes if sales are allowed within jurisdiction.
- ▣ Telecommunications and Video Programming

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Questions?

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